

## Scenario Matrix - Trading Places

Scenarios	Trading Places
<b>Drivers</b>	
<b>World Economy and Market Environment</b>	Pacific Rim centric world economy; strong market forces; moderately high growth fueled by China and India; industrialized world experiencing stagnant economic growth; unemployment is low in emerging countries, moderate in US, high in Europe; significant under-employment in industrialized countries; low global inflation with efficient capital markets; reasonable cost of capital.
<b>International Trade Environment</b>	Globally strong and open trade environment behind effective World Trade Organization; US and European leaders fend off protectionist pressures; global harmonization is relatively strong; Asian leaders set rules on air and landing rights; low barriers overall but Western economies starting to demand offsets.
<b>Political Instability</b>	Generally stable and peaceful world but lingering after-effects of lost US trade war with China; world is organized around world trade and China & Southeast Asia at the core of global politics and economic power; some civil instability within countries not participating in global economy or with unreformed domestic economies.
<b>U. S. Military Requirements</b>	Global military budget declining; most funding is maintenance, repair, and service life extension program; little R&D; Russia-Japan and China protect major sea lanes; US has minimal presence; some co-patrols with Japan.
<b>Global Distribution of Power &amp; Technology</b>	The heart of power and technology is in the Pacific Rim; multinational corporations have shifted design and manufacturing to local markets around the world; fairly high tech and wired world based on private communications infrastructure driven by multinational corporations.
<b>Fuels &amp; Fuel Sources</b>	Peaceful coexistence in Middle East allows for stable oil supplies and free movement of petroleum; moderate price increases in line with inflation.
<b>US Policy</b>	Government promotes deregulation and privatization, but lower wage work and less job security result; government permissive in anti-trust cases; laissez-faire government position on bankruptcy; low entry/exit barriers; government is downsized and stable; fiscal policy is disciplined and austere, some debt reduction accomplished; reasonably stable but sluggish economy; reduction in humanitarian assistance given low military commitments and austere government spending.
<b>Corporate Structure and Operations</b>	Globally integrated and networked firms of blurred national origin; corporate consolidation mitigated by low trade barriers, high competition, rapid technical proliferation, especially to emerging markets; free markets generally, but any off-set requirements likely to be ours; ownership complex - multinational capital with lots of portfolio investment; wide range of alliances among multinationals and national companies; in US, high tech labor pool reduced because of tendency of US-educated foreign nationals to return to their homeland; low skilled labor in ample supply, with sluggish wage gains; US students postpone higher education because of high cost, personal debt and uncertain prospects; weak US labor movement.
<b>Environment</b>	In US and Europe pollution is less of a problem since economic activity is down; emerging markets pollution is high and a growing global problem but not yet an issue for them.
<b>Public Health</b>	US public health spending static though global spending is rising as emerging countries aim to achieve Western health standards; problems with Ebola-type new diseases as emerging markets develop.
<b>Public Attitude to Technology</b>	Emerging markets- very pro technology "technology for technology sake"; in the US, public attitude is positive (but does not encourage public investment in R&D).
<b>Education</b>	US public education is as lethargic as economy and society; US graduate education still world class, but everyone sees it as declining; major US universities leverage strong reputations and globalize (e.g. place campuses in Southeast Asia); education in Southeast Asia is well funded and is a technocratic meritocracy; in US, middle class is primarily educated in community colleges and state universities;

<b>Scenarios</b>	<b>Trading Places</b>
<b>Drivers</b>	US students pursuing medical, finance, and law curricula, plus retail and trade industries; in emerging countries, applied sciences and management strong.
<b>Geographic (Living) Dispersion</b>	In emerging markets, some dispersion away from old industrial areas as firms seek lower cost labor and more modern infrastructure; in US and Europe, high skilled professionals enjoy high degree of geographic mobility owing to high world demand for specialized skills.
<b>Communications and Information Technology</b>	US no longer shaping the global information - communication system; world is well wired but US no longer dominates; applications and hardware tend to be made and installed in emerging markets first; superb equipment can be purchased from emerging markets vendors; bandwidth is adequate and keeps pace with demand; some Asian-led government regulation of communication standards; large multinationals set up private networks; significantly satellite-based and mobile.
<b>Production Cost Performance</b>	Manufacturing costs are low with global economies of scale but manufacturing is typically out of US; very hot market with general expectations with constant stream of new products (especially in emerging markets); product definition is tuned to non - US markets; in emerging markets barriers to entry/exit are low to moderate (some industry policy even in laissez faire environment); in US, barriers are restrained but where they exist they are complex and occasionally contradictory; barriers tend to be market-specific depending on priority of industry; moderately synchronized and slightly longer business cycles driven by emerging markets.
<b>Technology development and Application</b>	Very market driven; market need is defined by Pacific Rim consumers; R&D is out of US, tend to focus on "D" except in a few research-intensive industries such as biotechnology, pharmaceuticals, and agriculture; US excellence also in finance, banking, medical, and other service sectors; corporations may own great technologies, but it is developed and utilized out of US.
<b>Time Poverty Leisure Time, Entertainment</b>	Emerging markets are very hot markets with high time poverty; US and Europe are destinations for global tourism; in US, time poverty chronic and comes from multi-job families and unstable work situations; emerging markets' peak earners are workaholics, but next generation taking more frequent and more distant international vacations; even if small percent are leisure traveling, base population is huge.
<b>Global Transportation Infrastructure</b>	Significant infrastructure development in emerging markets; standards are being set by emerging markets but may be some conflict / competition between nations; trend toward "smart" infrastructure; US infrastructure aging and deteriorating (except around major tourist and retirement locations); trend toward some privatization; moderate growth in business-to-business electronic distribution, slower growth on retail side.
<b>Safety and Security</b>	Information security predominates; personal and industrial threats limited; security focused globally on information and intellectual property.
<b>Access to space</b>	Space programs driven by pragmatic economic needs, particularly of emerging markets; financing and technology would be made available by emerging and developed markets alike.